



## Recommendation for Action

**File #:** 19-2539, **Agenda Item #:** 20.

8/22/2019

### Posting Language

Approve a resolution creating the Creative Space Assistance Program and approve the program as a Chapter 380 economic development program, not to exceed a total of \$755,000.

### Lead Department

Economic Development.

### Fiscal Note

This item has no fiscal impact.

### Prior Council Action:

Approval of the Art Space Assistance Program Guidelines through [Resolution 20170608-008](http://www.austintexas.gov/edims/document.cfm?id=278649)

[<http://www.austintexas.gov/edims/document.cfm?id=278649>](http://www.austintexas.gov/edims/document.cfm?id=278649) and

Approval of the Economic Development Guiding Principles and Policy through [Resolution 20180830-056](http://www.austintexas.gov/edims/document.cfm?id=308996)

[<http://www.austintexas.gov/edims/document.cfm?id=308996>](http://www.austintexas.gov/edims/document.cfm?id=308996).

### For More Information:

Veronica Briseno, Director, Economic Development Department, 512-974-3045

David Colligan, Acting Assistant Director, Economic Development Department, 512-974-6381.

### Additional Backup Information:

The Economic Development Department's (EDD) response to the June 2016 Omnibus Resolution (Resolution No. 20160303-019 [<http://www.austintexas.gov/edims/document.cfm?id=250028>](http://www.austintexas.gov/edims/document.cfm?id=250028)) identified affordable space for artists as a priority area of concern. The Arts Space Assistance Program (ASAP) was EDD's immediate response to preserving and increasing the supply of available space for the creative sector. The pilot program, administered through the Cultural Arts Division of EDD, provided grants to support nonprofits facing permanent displacement, were previously displaced, or were facing lease renewals at substantially higher rates. The grant program was made possible through funding from the City of Austin General Fund.

The pilot was launched in FY 2017, with \$200,000. Eligible uses of funds included tenant improvements for up to \$35,000 and rent stipend for up to \$50,000. Tenant improvement grants required a 50% match.

Applications were scored on the following criteria:

- Financial urgency
- Length of lease term and options, and degree of project readiness
- Compelling project need and alignment with request for financial assistance
- Financial stability of organization
- Deep roots in low-income and historically underserved community(ies)
- Benefits from co-location opportunities

City Council approved the ASAP guidelines <<http://www.austintexas.gov/edims/document.cfm?id=277990>> at their meeting on June 8, 2017 <<http://www.austintexas.gov/edims/document.cfm?id=279884>> (Item 8 in the meeting minutes). There was no further approval sought, as the awards fell below the City Manager administrative spending authority, and there was no further directive to return to Council issued with the approval of Item 8 at the June 8th meeting. EDD issued a memo <<http://www.ci.austin.tx.us/edims/pio/document.cfm?id=296388>> to Council in April 2018, to brief them on the status of the program.

EDD received seventeen applications to ASAP. Eleven of the seventeen applicants received funding. The average award amount was \$14,494, with \$159,432 in total funds awarded. Applicants who were awarded funding under ASAP would be eligible to receive funding if the program were renewed, however, preference would be given to first time applicants.

Update of the program to Creative Space Assistance Program - what changes were made to program During the FY18-19 budget discussions, EDD received a one-time allotment of \$400,000 to administer another year of programming that would address preserving and increasing the supply of available space for the creative sector. At the time the identification of funds for this use, Council requested that staff also look for additional ways to increase the total amount available. With the authority granted through the adoption of the new Economic Development Guiding Principles and Policy (Resolution 20180830-056 <<http://www.austintexas.gov/edims/document.cfm?id=308996>>), staff was able to identify similarly purposed funding to expand ASAP's existing guidelines to address needs across the creative sector.

The Creative Space Assistance Program (CSAP) is jointly administered by EDD's Cultural Arts and Music & Entertainment Divisions to help preserve and grow spaces for Austin creatives. The program guidelines <[http://www.austintexas.gov/sites/default/files/files/EGRSO/CSAP\\_FY\\_19\\_Proposed\\_Guidelines\\_1-18-19\\_EMS\\_sk\\_1\\_22\\_2019\\_clean\\_KM\\_3\\_2.pdf](http://www.austintexas.gov/sites/default/files/files/EGRSO/CSAP_FY_19_Proposed_Guidelines_1-18-19_EMS_sk_1_22_2019_clean_KM_3_2.pdf)> expands eligibility to for-profit music venues, performance spaces, and art galleries, in addition to, arts-focused nonprofits. CSAP provides direct support to qualifying creative organizations facing temporary or permanent displacement, or to organizations previously displaced. Funds are eligible to be used to defray rent hikes, property acquisition costs (gap financing), and other space-related needs, including facility improvements and displacement-related expenditures. The maximum award under CSAP is \$50,000.

Modifications to the previously approved program include:

- The program eligibility is expanded to include select for-profit creative businesses, as allowed by definitions within the program guidelines;
- Program budget increased from \$200,000 to \$750,000;
- Majority of 5-member grant review panel comprised of representatives from the creative community (two from the finance or real estate communities);
- Selected recipients must commit to previous guidelines related to job retention and professional development or career development;
- Eligible uses of funds expanded to include gap financing for property acquisition, other space-related needs such as facility improvements or displacement-related expenditures, and predevelopment plan;
- Although no 1:1 match is required, applicants must show documented availability of any cash, convertible assets, or in-kind support needed to complete the project;
- Applicants may apply for 12 months (versus 9 months) of rent stipend relief;
- Applicants are evaluated according to the following criteria:

- Compelling project need
  - Urgency
  - Co-location opportunities for other artists
  - Organizational stability/Project readiness
  - Equity (defined by the representation of historically underserved communities)
  - Event history/Artistic programming/Organizational advancement
  - New recipient
- The program will remain tied to performance-based contracts, with grant funds disbursed as reimbursement upon proof of contract milestone fulfillment;
  - The grant review committee reserves the right to conduct finalist interviews or request additional information before award recommendations are determined.

#### Specific community benefits that will be fulfilled by the program

The Creative Space Assistance Program stems from the 2016 Austin Music & Creative Ecosystem Omnibus Resolution which identified lack of affordable space for artists as a priority concern. As rents are rising higher and higher, many of Austin's creative institutions are becoming displaced. Austin's creative organizations define much of the city's character and contribute to its appeal as a livable city and a tourist destination. Creative sector organizations are cultural assets that promote learning and connectivity to the community and the world through art. They reflect Austin's community values. They promote community interaction and create dialogue. They define sense of place and belonging and enhance the quality of life in Austin.

The grants made available through CSAP is designed to help these organizations stay in Austin, giving them the support they need to create sustainability in the current real estate market while the development of guidelines for a sustainable approach to securing similar spaces through the "Location Enhancement" Program is underway.

The community benefits fulfilled by the program are plentiful. Helping creative sector organizations stay in Austin contributes to job creation, tourism development, and to Austin's unique identity or brand. Live music venues, for example, provide income and performance spaces for local musicians. They support cultural music events, genre diversity, and employ sound engineers, light companies, wait staff and more. Theaters present plays, film screenings, and dance productions from around the world, while museums and art galleries display artistic work to the community. The award funds will help these organizations build sustainability and retain jobs.

The program requires recipients to commit to activities that support their sustainability and impact the greater community by:

- Participating in technical assistance or other capacity building support provided by the City of Austin;
- Maintaining current employment levels; and
- Participating in or hosting one professional development opportunity for the community in partnership with EDD; or

Engaging in career development opportunities with the Austin Independent School District, other school districts operating in Austin, or other entities that provide information about career options for students K-12.